

## Nintendo says strong demand for Wii U games (Update)

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Nintendo said Tuesday its operating profit soared, as it pointed to strong demand for Wii U console games including shoot-em-up hit "Splatoon", but holiday sales fell and the positive impact of a weak yen hit its bottom

line.

The Japanese videogame giant kept its annual profit forecast in place as it also benefited from upbeat demand for its "Amiibo" figurines, which feature characters from some of its videogames.

Nintendo is gearing up for the March release of its first foray into smartphone gaming, after years of refusing to stray from a consoles-only policy.

The move is seen as critical to Nintendo's future amid tough competition from console-maker rivals Sony and Microsoft, and the popularity of online gaming.

On Tuesday, the company said operating profit in the April-December period jumped nearly 35 percent to 42.5 billion yen (\$352 million).

But revenue was down almost four percent as holiday season sales weakened owing to a lack of new games releases.

Net profit tumbled 32 percent, largely due to the fading benefit of a weak yen, it said.

A sharp decline in Japan's currency has boosted the fortunes of major exporters, including Nintendo, in recent years by making them more competitive overseas and inflating the value of repatriated earnings, but that positive impact is declining.

Nintendo said it sold over four million units of Splatoon and 3.3 million of the Super Mario Maker title in the nine-month, "making both titles blockbusters that have revitalised the Wii U".

Upbeat demand for the 3DS handheld console also helped results, it

added.

Nintendo said it was still projecting a net profit of 35 billion yen on sales at 570 billion yen for the fiscal year to March.

Investors are eagerly awaiting the smartphone game, called Miitomo, after Nintendo shares plunged in October on news it was delaying its planned end-of-year launch.

"There were simply no hit titles on Wii U and 3DS at the year-end shopping season," Tomoaki Kawasaki, an analyst at Iwai Cosmo Securities, told Bloomberg News.

"There is a lot of attention on Miitomo in March and what it will say about the company's strategy. Nintendo absolutely needs a new growth driver."

The company's new president Tatsumi Kimishima said Nintendo needed more time to "boost the quality" of its first smartphone offering.

But the delay added to uncertainty that swirled around the company since its chief executive Satoru Iwata, a leading figure in the videogame industry, died of cancer at the age of 55 last summer.

"Kimishima's mission is to guide the company along the rails laid by Iwata...including its launch of mobile phone game businesses," said Hideki Yasuda, an analyst at Ace Research Institute in Tokyo.

Nintendo bought a stake in Tokyo-based DeNA as part of a deal to develop smartphone games based on its host of popular characters, possibly including Super Mario and Donkey Kong.

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